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DICKENSON MINES

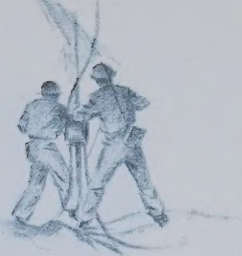
L I M I T E D



1965

21st Annual Report

DICKENSON MINES LIMITED



DIRECTORS

A. W. WHITE - - - - - Toronto, Ont.
 C. R. DIEBOLD - - - - - Buffalo, N.Y.
 F. A. FELL - - - - - Toronto, Ont.
 M. L. URQUHART - - - - - Toronto, Ont.
 R. A. JODREY - - - - - Hantsport, N.S.
 S. C. SMITH - - - - - Toronto, Ont.
 R. F. ROCK - - - - - Wilmington, Delaware

OFFICERS

ARTHUR W. WHITE - - - - - President
 CHARLES R. DIEBOLD - - - - - Vice-President
 H. RODNEY HEARD - - - - - Secretary-Treasurer
 JAMES GEDDES - - - - - Assistant Secretary
 LOUIS V. BARBISAN - - - - - Assistant Treasurer
 FREDERICK A. FELL - - - - - General Manager

EXECUTIVE OFFICE

25 Adelaide St. West, Suite 416 - - - - - Toronto, Ont.

MINE OFFICE

Balmertown, Ontario

AUDITORS

McDonald, Nicholson & Co. - - - - - Toronto, Ont.

BANKERS

Canadian Imperial Bank of Commerce - - - - - Toronto, Ont.
 The Bank of Nova Scotia - - - - - Toronto and Balmertown, Ont.

REGISTRAR AND TRANSFER AGENTS

The Sterling Trusts Corporation - - - - - Toronto, Ont.
 Bank of New York - - - - - New York City
 The First National Bank of Jersey City - - - - - New Jersey

ANNUAL MEETING

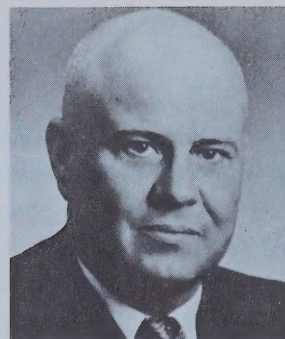
Thursday, March 10th, 1966 at 10:30 a.m. (Toronto Time) Quebec
 Room, Royal York Hotel, Toronto, Ontario.

SUMMARY OF OPERATIONS

THE DICKENSON MINE

	1965	1964	1963	To Date
TONS ORE MILLED	177,353	177,874	178,527	2,392,132
Daily average	486	486	489	385
Grade ounces per ton (millheads)	0.562	0.560	0.554	0.548
PRODUCTION:				
Value less marketing charges	\$3,459,165	\$3,428,711	\$3,458,468	\$41,556,611
Ounces gold	92,096	91,244	91,709	1,177,101
Per ton milled	\$19.50	\$19.28	\$19.37	\$17.37
Value received per ounce	\$37.56	\$37.58	\$37.71	\$35.30
EMERGENCY GOLD MINING ASSISTANCE	\$ 231,389	\$ 242,547	—	\$ 2,110,836
Per ton milled to which aid applies				
(1949-1956 — 841,172 tons)				
(1964-1965 — 355,227 tons)	\$1.305	\$1.364	—	\$1.764
TOTAL REVENUE FROM ALL SOURCES	\$3,701,087	\$3,685,941	\$3,507,288	\$44,017,664
Per ton milled	\$20.87	\$20.72	\$19.65	\$18.40
CASH FLOW — Profit before depreciation and write-offs	\$1,037,555	\$1,086,083	\$1,055,310	\$15,511,974
Per ton milled	\$5.85	\$6.11	\$5.91	\$6.48
Per share	\$0.30	\$0.31	\$0.30	\$4.42
NET PROFIT	\$ 744,440	\$ 857,735	\$ 826,924	\$ 8,979,544
Per ton milled	\$4.20	\$4.82	\$4.63	\$3.75
Per share	\$0.21	\$0.24	\$0.24	\$2.56
DIVIDENDS — since 1953	\$ 773,155	\$ 982,895	\$ 912,688	\$ 6,532,011
Declared per share	\$0.22	\$0.28	\$0.26	\$2.04
ORE RESERVES — tons at end of year	586,777	589,230	591,369	—
Grade — ounces per ton	0.546	0.538	0.507	—
NO. OF EMPLOYEES	266	284	290	—
SHAREHOLDERS	3,975	3,906	4,151	—
SHARES ISSUED	3,514,340	3,510,340	3,510,340	—

PRESIDENT'S REPORT TO SHAREHOLDERS



ARTHUR W. WHITE

During 1965 — production of gold in both ounces and value was greater than in any previous year of operations at the Dickenson mine — preparations for the sinking of the internal shaft were completed, and sinking itself started in December — ore reserves were maintained — the company examined 41 outside properties — and, at the end of the year Dickenson held an interest in 13 groups of claims for further exploration.

The report of Mr F. A. Fell, General Manager of the company, gives a comprehensive description of the operations and development of the mine as well as the exploration activities conducted from the company's office in Balmertown, Ontario.

EARNINGS AND DIVIDENDS

After absorbing extraordinary development expenses related to preparations for shaft sinking of \$190,760, net profit for 1965 amounted to \$744,440.

Due to the large sums of money being expended in the sinking of the internal shaft, from which the company and shareholders will benefit in the future, the directors decided it would be in the best interests of the company and its shareholders to discontinue temporarily the payment of extra dividends.

VIOLAMAC MINES LIMITED AND KAM-KOTIA PORCUPINE MINES, LIMITED

In June, 1965 Violamac Mines Limited offered rights to its shareholders to purchase 372,500 shares in its capital at \$3.00 each, on the basis of 1 share for every 10 outstanding. All of the rights were exercised which brought \$1,117,500 into the treasury of Violamac. Pursuant to the rights offering, Dickenson purchased 183,409 shares, thereby retaining its proportionate interest in Violamac.

Consolidated net income of Violamac for 1965 was \$765,052, an increase of \$517,945 over 1964, due principally to results from operations of the Kam-Kotia mine. The sale of shares and the net income earned by the company have improved substantially the consolidated current position of Violamac.

On December 30, 1965 Violamac entered into an agreement to purchase the minority share interest of Kam-Kotia Porcupine Mines, Limited, for 150,000 shares in the capital of Violamac. Upon the issue of the 150,000 shares by Violamac, Dickenson's interest in Violamac decreased from 49.4% to 47.5%.

In the near future Kam-Kotia Porcupine Mines, Limited will apply for authority to surrender its charter and distribute its assets to its only share-

holder, Violamac Mines Limited. Violamac will then become the operating company, and on March 10, 1966 the shareholders of Violamac will be asked to confirm a special resolution, authorizing that company to apply for a change in its name to Kam-Kotia Mines Limited. Shareholders of Violamac will receive one share of Kam-Kotia Mines Limited for each share of Violamac.

TUNDRA GOLD MINES LIMITED

Mr. J. C. Byrne, Vice-President and General Manager of Tundra Gold Mines Limited, reports as follows with respect to Tundra:

"Production figures for the first nine months of the fiscal year, April to December, 1965 (1964 in brackets) are:

Tons Milled	39,749 (34,273)
Grade Milled	0.66 oz. (0.56)
Gold Produced	24,603. oz. (18,483)
Production	\$1,186,973 (\$893,053)
Operating Profit before provision for depreciation and debenture interest	\$ 294,904 (\$152,242)"

This is a commendable performance for a mine operating in its early stages of production and under the difficult geographical and climatic conditions encountered in the Northwest Territories.

ROBIN RED LAKE MINES LIMITED

The exploration and development of the Robin Red Lake Mines Limited property adjacent to the Dickenson mine under the agreement between Dickenson Mines Limited, Noranda Mines Limited, and Dome Mines Limited, started in April 1962. Up to December 31, 1965, 5,130 feet of drifting and cross-cutting, and 34,170 feet of diamond drilling had been completed on the Robin property

from the 15th, 17th, 19th, and 23rd levels of the Dickenson mine. Ore developed as a result of this work can be summarized as follows:

Level	Length Ft.	Aver. Width Ft.	Aver. Assay Ozs.
17th at the 2,465 ft. horizon	453	7.5	0.48
19th at the 2,765 ft. horizon	346	7.3	0.785
23rd at the 3,365 ft. horizon	264	6.7	0.676
Total and average	1,063	7.2	0.625

Studies are now being made to determine the most efficient production procedures to follow at the Robin mine. Officials of Dickenson, Dome, and Noranda are working on this problem.

PENOBSCOT MINING COMPANY LIMITED

Dickenson now owns a 45% interest in Penobscot Mining Company Limited which, in turn, owns all of the outstanding capital stock of Penobscot Mining Corporation. Penobscot Mining Corporation holds under lease or option to purchase, certain copper-zinc mining properties near Harborside, Maine, U.S.A. In July 1964 Penobscot Mining Corporation entered into an agreement with Callahan Mining Corporation whereby it leased or assigned its interest in these properties to Callahan which undertook to perform comprehensive exploration of the properties. Pursuant to the agreement, Penobscot is entitled to receive a royalty of 25% of the cash surplus derived from operations at these properties after Callahan recovers its disbursements. Callahan has expended more than \$497,000. on the exploration and development of the claims and reports that it is now giving consideration to plans for production.

OTHER INTERESTS and INVESTMENTS

The direction of the strike of the Kam-Kotia orebodies towards the claims owned by Jameland

Mines Limited prompted the company to purchase additional shares in the capital of Jameland. Dickenson now owns 885,000 shares of Jameland, or 98.3% of the issued capital of that company.

OUTLOOK

In recent years Dickenson has been making substantial investments in underground development, including as the major undertaking the sinking of its internal shaft at an estimated cost of \$1,245,000, of which \$615,000 had been expended up to December 31, 1965. It is expected that the sinking of the shaft will be completed towards the end of 1966 with sufficient lateral development of the levels to be serviced by the internal shaft to permit production through it by 1968. Operating results should then improve from a reduction in development expense.

Management also expects that within the foreseeable future, payments will be received on the income debentures of Tundra Gold Mines Limited that are owned by Dickenson, and dividend income will be derived from Dickenson's investment in Violamac Mines Limited.

All of these factors will have a significant and favorable influence on the company's working capital.

APPRECIATION

The organizational changes outlined in our last annual report have not disturbed administration of the affairs of the company at the mine office, and, as anticipated, they have materially improved liaison with the company's office in Toronto.

Your directors are pleased to extend again their sincere appreciation for the continued support of the shareholders and for the effective and efficient work performed by our General Manager, department heads, and employees.

On behalf of the Board,

A. W. WHITE,
President.

Toronto, Ontario,
February 3, 1966.

DICKENSON MINES LIMITED

(Incorporated under the Laws of the Province of Ontario)
(With comparative balances at 31st December, 1964)

ASSETS

	1965	1964
Current Assets:		
Bullion on Hand and in Transit, at net realizable value	\$ 319,183	\$ 464,090
Estimated amount receivable under The Emergency Gold Mining Assistance Act	115,083	69,327
Accounts Receivable and Accrued Interest	93,804	164,445
Prepaid Expenses	21,608	24,366
	<u>549,678</u>	<u>722,228</u>
Investments, at cost less Reserve (Summary attached)	1,754,785	1,718,884
 Interest in Affiliated Companies (Note 1), at cost less Reserve (Summary attached)	 4,577,654	 3,848,511
Stores and Supplies, at average cost	492,957	386,951
 Fixed Assets, at cost:		
Buildings, Machinery and Equipment	5,366,147	4,874,067
Less: Accumulated Depreciation	4,404,810	4,158,464
	<u>961,337</u>	<u>715,603</u>
Mining Claims	264,227	264,227
Townsite Lots	102,691	93,784
	<u>1,328,255</u>	<u>1,073,614</u>
 Other Assets and Deferred Charges:		
Interest in and Expenditures on Outside Mining Properties	784,219	771,225
Less: Amounts written-off	321,995	277,733
	<u>462,224</u>	<u>493,492</u>
Deposits with Government Agencies	20,478	20,478
Other Deferred Charges	22,990	31,551
	<u>505,692</u>	<u>545,521</u>
	<u>\$9,209,021</u>	<u>\$8,295,709</u>

Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

TORONTO, 24th January, 1966.

Balance Sheet

31st December, 1965

LIABILITIES

	1965	1964
Current Liabilities:		
Bank Overdraft	\$ 13,555	\$ 50,410
Bank Loans — Secured	1,850,000	931,000
Accounts Payable and Accrued Liabilities	327,976	218,135
Wages Accrued	37,901	34,049
Mining Taxes Accrued	41,542	41,346
Income Taxes Payable and Accrued (Note 2)	—	3,000
Dividend Payable	175,717	245,724
	<u>2,446,691</u>	<u>1,523,664</u>
Shareholders' Equity:		
Capital Stock (Note 3)		
Authorized 3,750,000 shares of \$1.00 each	<u>\$3,750,000</u>	
Issued 3,514,340 shares (1964 — 3,510,340 shares)	<u>3,514,340</u>	<u>3,510,340</u>
Surplus		
Contributed Surplus	1,346,809	1,331,809
Earned Surplus	1,901,181	1,929,896
	<u>3,247,990</u>	<u>3,261,705</u>
Total Shareholders' Equity	<u>6,762,330</u>	<u>6,772,045</u>
 Approved on behalf of the Board:		
 A. W. WHITE, Director.		
 S. C. SMITH, Director.		
	<u>\$9,209,021</u>	<u>\$8,295,709</u>

DICKENSON MINES LIMITED

STATEMENT OF OPERATIONS

For the year ended 31st December, 1965

(With a comparative statement for the year ended 31st December, 1964)

	1965	1964
Bullion Production	\$3,484,341	\$3,453,365
Less: Marketing Expense	25,176	24,654
	<u>3,459,165</u>	<u>3,428,711</u>
Deduct:		
Exploration and Development	554,145	508,483
Mining	1,042,827	1,054,457
Milling	475,954	484,008
Mine Management, Office and General	371,223	352,379
Head Office Administration and General	175,622	159,160
Provision for Tax under the Mining Tax Act, Ontario	43,000	41,371
	<u>2,662,771</u>	<u>2,599,858</u>
Profit from Operations before Estimated Income under the Emergency Gold Mining Assistance Act and Provision for Depreciation	796,394	828,853
Add: Estimated Income under the Emergency Gold Mining Assistance Act	231,389	242,547
	<u>1,027,783</u>	<u>1,071,400</u>
Deduct: Provision for Depreciation of Buildings, Machinery and Equipment	248,854	214,675
	<u>778,929</u>	<u>856,725</u>
Add: Income from Investments	10,533	15,293
(Loss) on Sale of Fixed Assets	(2,206)	(610)
(Loss) on Sale of Investments	(5,812)	—
Adjustment of Prior Years' Expenses	7,257	—
	<u>9,772</u>	<u>14,683</u>
Profit before write-off of Outside Exploration	788,701	871,408
Deduct: Outside Exploration written off	44,261	13,673
NET PROFIT for the year	<u>\$ 744,440</u>	<u>\$ 857,735</u>

The accompanying Notes form an integral part of this Statement.

DICKENSON MINES LIMITED

STATEMENT OF EARNED SURPLUS

For the year ended 31st December, 1965

(With a comparative statement for the year ended 31st December, 1964)

	1965	1964
Balance at beginning of year	\$1,929,896	\$2,055,056
Add:		
Net Profit for the year	744,440	857,735
	2,674,336	2,912,791
Deduct:		
Dividends declared	773,155	982,895
Balance at end of year	\$1,901,181	\$1,929,896

The accompanying Notes form an integral part of this Statement.

AUDITORS' REPORT

To the Shareholders,
Dickenson Mines Limited,
TORONTO, CANADA.

We have examined the attached Balance Sheet of DICKENSON MINES LIMITED as at 31st December, 1965, together with the Statements of Operations, Earned Surplus and Contributed Surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying Balance Sheet and related Statements of Operations, Earned Surplus and Contributed Surplus present fairly the financial position of the Company as at 31st December, 1965, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the related Statement of Source and Disposition of Funds which, in our opinion, presents fairly the sources and dispositions of funds of the Company for the year ended 31st December, 1965.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 24th January, 1966.

DICKENSON MINES LIMITED

STATEMENT OF CONTRIBUTED SURPLUS

For the year ended 31st December, 1965

(With a comparative statement for the year ended 31st December, 1964)

	1965	1964
Balance at beginning of year	\$1,331,809	\$1,331,809
Add:		
Premium on shares issued during the year	15,000	---
Balance at end of year	<u>\$1,346,809</u>	<u>\$1,331,809</u>

The accompanying Notes form an integral part of this Statement.

NOTES TO FINANCIAL STATEMENTS

31st December, 1965

1. SUBSIDIARY COMPANIES

The accounts of Duchesne Red Lake Mines Limited, Jameland Mines Limited and Kenwest Mines Limited have not been consolidated with those of the company as the subsidiaries are developing their properties and expenditures since acquisition of control have been deferred to future operations.

2. INCOME TAXES

Since amounts claimed for income tax purposes in respect of depreciation, development expenditures and other charges exceed the amounts recorded in the company's accounts in 1965, no provision is required for taxes on income for the current year. Profit may be affected at some future time should the amounts claimed for tax purposes become less than the amounts then recorded in the accounts.

3. EMPLOYEES' STOCK OPTION

During 1964 options were granted to certain employees, which, if exercised, would permit them to purchase 39,660 shares of the company's capital stock at a price of \$4.75 per share up to 30th June, 1967. As at 31st December, 1965, 4,000 shares had been issued under this option plan.

4. CONTINGENT LIABILITIES

The company is continuing a program of internal shaft sinking, the total cost of which is now estimated at \$1,245,000. As at 31st December, 1965, \$615,000. had been expended in this operation. Of this amount \$356,000. represents the cost of equipment. The remaining \$259,000., being costs incurred in preparation for the sinking of the No. 2 shaft, has been charged against income in the years 1964 and 1965.

5. DIRECTORS' REMUNERATION

The total remuneration of Directors, as such, for each of the years 1965 and 1964 was \$7,000.

DICKENSON MINES LIMITED

SUMMARY OF INVESTMENTS AND INTERESTS IN AFFILIATED COMPANIES

31st December, 1965

(With comparative balances at 31st December, 1964)

	BOOK VALUE	
	1965	1964
Investments:		
Listed Shares, at cost (Quoted Market Value \$464,754) (\$512,492 in 1964)	\$ 472,694	\$ 454,841
Other Shares and Securities, at cost less Reserve	1,282,091	1,264,043
	<u>\$1,754,785</u>	<u>\$1,718,884</u>
Interest in Affiliated Companies:		
Shares and Securities, at cost less Reserve		
Listed Shares		
Violamac Mines Limited, 2,017,508 shares (Quoted Market Value \$8,070,032) (\$4,805,339 in 1964)	\$2,911,236	\$2,361,009
Other Listed Shares (Quoted Market Value \$254,527) (\$331,542 in 1964)	425,728	425,728
Other Shares and Securities	1,115,214	903,742
	<u>4,452,178</u>	<u>3,690,479</u>
Advances	125,476	158,032
	<u>\$4,577,654</u>	<u>\$3,848,511</u>

The accompanying Notes form an integral part of this Statement.

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

For the year ended 31st December, 1965

(With a comparative statement for the year ended 31st December, 1964)

	1965	1964
Source of Funds:		
Operations	\$ 744,440	\$ 857,735
Add: Charges to operations which in themselves did not require an outlay of funds during the year		
Provision for Depreciation	248,854	214,675
Outside Exploration written off	44,261	13,673
	<u>1,037,555</u>	<u>1,086,083</u>
Security Sales (Net)	—	219,434
Decrease in Deferred Charges	8,562	—
Sale of Capital Stock	19,000	—
Decrease in Working Capital	1,095,577	312,071
Total	<u>\$2,160,694</u>	<u>\$1,617,588</u>
Disposition of Funds:		
Dividends	\$ 773,155	\$ 982,895
Outside Exploration	38,798	362,098
Fixed Asset Additions (Net)	505,610	248,955
Security Purchases (Net)	737,125	—
Increase in Stores and Supplies	106,006	14,746
Increase in Deferred Charges	—	8,894
Total	<u>\$2,160,694</u>	<u>\$1,617,588</u>

The accompanying Notes form an integral part of this Statement.

GENERAL MANAGER'S REPORT



F. A. FELL

The President and Directors,
Dickenson Mines Limited,
416 - 25 Adelaide Street West,
TORONTO, Ontario.

Dear Sirs:

This report covering the operations of your Company for the year 1965 is respectfully submitted.

PRODUCTION

177,353 tons of ore were milled yielding 92,095.721 fine ounces of gold and 6,880.47 fine ounces of silver. The total value of this bullion was \$3,484,000 or a recovery of \$19.65 per ton milled. In addition, benefit received and receivable under the Emergency Gold Mining Assistance Act is estimated to be \$231,390 or \$2.512 per ounce of gold.

Your Company qualified for Emergency Gold Mining Assistance for the year and gold produced was sold to the Royal Canadian Mint. The average value received from the Mint was \$37.73 per ounce for gold, and \$1.39 per ounce for silver.

To date the mine has produced 1,177,248.043 ounces of gold and 100,504.10 ounces of silver with a total value of \$41,900,504 for an average value received from the Mint and the Bank of Nova Scotia of \$35.51 per ounce of gold and \$1.01 per ounce of silver; total tons milled amount to 2,393,612 for a recovery of 0.49 ounces of gold per ton.

ANALYSIS OF OPERATING COSTS

		1965		1964
	Total	Per Ton Milled	Per Ounce	Per Ounce
Shaft Sinking (#2 Shaft)	\$ 190,760	\$ 1.08	\$ 2.07	\$.74
Exploration and Development	363,385	2.05	3.94	4.83
Mining	1,042,827	5.88	11.32	11.56
Milling	475,954	2.68	5.17	5.31
Mine General Expense	371,223	2.09	4.03	3.86
Head Office Expense	175,622	.99	1.91	1.74
Marketing Charges	25,176	.14	.27	.27
	<u>\$2,644,947</u>	<u>\$ 14.91</u>	<u>\$ 28.71</u>	<u>\$ 28.31</u>

MINING

Broken ore totalling 88,474 tons remained in the stopes, a decrease of 14,621 tons from the previous year. Also 1,942 tons remained in ore bins and ore passes at year's end.

Of the 177,648 tons of ore hoisted 18,636 tons grading 0.582 ounces per ton were obtained from development and 159,012 tons grading 0.559 ounces per ton were obtained from stoping and stope preparation.

Stoping operations were carried on in the North "C", South "C", East South "C", "D", "E", "F", and "H" zones on the upper nineteen levels. Of the total ore hoisted, the percentages from the zones were — North "C" 6.6%, South "C" 12.3%, East South "C" 48.0%, "D" 2.8%, "F" 17.1%, "H" 8.2%, miscellaneous ("E", "I", "J", and Robin) 5.0%.

At year's end fifteen stopes were operating as cut and fill stopes and four were shrinkage. Most new stopes are being prepared for cut and fill. Tons broken per rock drill shift in stopes and back stopes were 43.6 compared to 41.1 in 1964. The average stope width was 7.2 feet compared to 6.1 feet the previous year.

EXPLORATION AND DEVELOPMENT

The following is a summary of the development footages completed to the end of 1965 with the previous two years given as a comparison:

	1965	1964	1963	To date
Shaft #1	—	—	—	3,589
Station Cutting	—	—	—	1,245
Shaft #2	18	—	—	18
Drifting	5,300	6,876	5,001	81,903
Crosscutting	1,667	2,525	6,918	61,294
Raising	1,726	2,230	3,192	40,561
Ore Passes	—	—	904	4,054
Waste Passes	—	—	—	3,285
Slashing	654	1,883	1,052	17,899
Diamond Drilling:				
Surface	415	—	—	60,721
Underground	42,780	50,507	54,295	730,306

#2 SHAFT PREPARATION AT THE 23 LEVEL (3365)

	1965		Total to date	
	Lineal Advance	Slashing	Lineal Advance	Slashing
#2 Shaft Raise (Headframe)	138	—	177	—
#2 Shaft station (23rd level)	—	102	64	233
#2 Shaft crosscut (23rd level)	—	—	470	23
#2 Shaft crosscut (22nd level)	367	30	367	30
#2 Shaft haulage crosscut	—	—	589	20
#2 Shaft hoistroom crosscut	—	—	70	20
#2 Shaft hoistroom	—	547	70	708
#2 Shaft rope raise	213	739	213	739
#2 Shaft dump station	—	34	—	34
#2 Shaft transformer station	17	—	17	—
#2 Shaft ore bin	127	732	127	732
#2 Shaft waste bin	112	371	112	371

Developments of major interest — Reference can be made to the map at the back of this report to obtain the relative locations of the ore zones mentioned here and the vertical depth of the levels below surface.

(1) Preparation of the No. 2 shaft (internal), located on the twenty-third level (3,365 feet below surface) at a point 2,960 feet southwest of the No. 1 shaft (surface) or a haulage distance between shafts of 3,340 feet, was completed by the end of December with the permanent hoist and sinking equipment installed. The No. 2 shaft had reached a depth of 18 feet below the collar at the twenty-third level. The preparation work done is listed above.

(2) Exploration of the East South "C" zone at the seventeenth to twenty-third levels, inclusive, continues to develop significant lengths of ore. Additional "D" zone ore was located on the eleventh, sixteenth, seventeenth, and eighteenth levels and is being developed. Development of the "H" zone is continuing on the eighteenth and nineteenth levels.

A new zone, designated as the "J" zone, has been located west of the No. 2 shaft at the twenty-third level. To date, a small tonnage of moderate grade ore has been developed.

(3) A line drive, of some 1,600 feet in length, is being driven in a westerly direction from the "J" zone at the twenty-third level to explore the section of the property below the original Delta mine workings.

ORE DEVELOPED BY DRIFTING

Zone	Lineal Feet	Ounces/ Ton	Width Feet	Level
East South "C"	672	0.55	5.7	20, 21, 22, 23
South "C"	96	0.81	6.9	17, 18
"D"	410	0.66	4.4	11, 16, 17
"J"	86	0.29	7.5	23
Total and Average	<u>1,264</u>	<u>0.58</u>	<u>5.5</u>	

REMARKS ON ORE ZONES

North "C" — ore remnants continue to be developed and mined in this zone.

South "C" — ore remnants are being located and developed on the seventeenth, eighteenth, and nineteenth levels. Mining and recovery of stope sills is being carried out in this zone from the seventeenth to sixth levels.

East South "C" — ore continues to be developed in this zone on the seventeenth to twenty-third levels inclusive. Stopping and stope preparation are being carried out from the nineteenth level up to the fifteenth level.

"F" — the known ore in the "F" zone has been developed from the fifteenth to twentieth levels. Mining is in progress from the nineteenth to fifteenth levels.

"D" — additional "D" zone ore has been located at the eleventh, sixteenth, seventeenth, and eighteenth levels and is being developed. Mining is in progress above the fifteenth level.

"H" — the "H" zone is being developed at the eighteenth and nineteenth levels. Mining is in progress above the seventeenth and sixteenth levels.

"E" — a limited amount of development was done in this zone during the year at the seventh and eighth levels. A small tonnage of mineable ore remains in this zone.

"J" — a small tonnage of moderate grade ore has been developed in this zone at the twenty-third level. This zone has not been located, to date, at the twenty-second level.

"B", "G", "I" — no quantity of mineable ore has been found in these zones to date. No development or mining is being done in these zones.

ORE RESERVES

At December 31, 1965, positive ore reserves, broken and in place, were calculated to be 586,777 tons having an average grade of 0.546 ounces of gold per ton. This compares with 589,230 tons grading 0.538 ounces per ton at December 31, 1964. The distribution of ore is as follows:

		Tons	Grade
Above	1st Level	17,030	0.52
"	2nd Level	6,277	0.53
"	3rd Level	29,635	0.64
"	4th Level	1,393	0.40
"	5th Level	3,523	0.35
"	6th Level	16,950	0.38
"	7th Level	13,282	0.45
"	8th Level	16,227	0.50
"	9th Level	13,641	0.47
"	10th Level	14,409	0.55
"	11th Level	3,269	0.46
"	12th Level	2,869	0.70
"	13th Level	978	0.50
"	14th Level	13,020	0.56
"	15th Level	24,366	0.36
"	16th Level	66,861	0.51
"	17th Level	132,095	0.54
"	18th Level	88,219	0.53
"	19th Level	56,397	0.77
"	20th Level	26,066	0.62
"	21st Level	16,572	0.59
"	22nd Level	12,264	0.53
"	23rd Level	11,434	0.44
(All high assays cut to 2.00 ounces.)		586,777	0.546

Positive Ore Reserves by Zones:

Zone	Tons	Grade	Percentage
North "C"	86,805	0.544	14.8
South "C"	65,582	0.506	11.2
East South "C"	262,226	0.582	44.7
"D"	28,310	0.564	4.8
"E"	6,211	0.453	1.1
"F"	45,484	0.573	7.7
"H"	86,905	0.457	14.8
"I"	1,040	0.820	0.2
"J"	4,214	0.444	0.7
	586,777	0.546	100.0

MILLING

Summary of Mill Operations with the previous year given as comparison.

	1965	1964
Tons treated	177,353	177,874
Percent operating time	99.48	98.92
Tons treated per day	485.9	486.0
Average value mill heads in ounces of gold per ton	0.562	0.560
Assay of mill tails in ounces of gold per ton	0.043	0.047
Recovery in ounces of gold per ton	0.519	0.513
Percent recovery	92.4	91.7

EXPLORATION DEPARTMENT

The efforts in this department have mainly been concentrated on properties in Northwestern Ontario and primarily at Red Lake. Properties have also been submitted for our consideration from various provinces throughout Canada.

During the year a total of 21 gold, 10 copper-nickel, 5 lead-zinc, 4 molybdenite and 1 antimony properties were examined and reported on. Three groups totalling 28 claims were staked and one group of 15 claims was optioned. Options held on two groups were allowed to lapse. At year end a total of 117 claims in 12 groups were held in the Red Lake District by your Company.

A total of 2,083.5' of diamond drilling in 6 holes was completed on Red Lake optioned properties. Geological conditions were encouraging and additional work has been planned for the coming year.

CAPITAL EXPENDITURES

Capital expenditures for the year amounted to \$510,055.51 and included the following as the major items:

Surface

- 32' x 60' compressor house additive, steel frame
- 1 — New Maloney transformer, 1,500 KVA, 44,000 to 4,160 volts
- 1 — C.L.M. Industries 46 KV substation and tower
- 1 — Ex/Ax Pajari Borehole surveying instrument #458
- 1 — Wild double centre T-1A theodolite
- 1 — Miller welder SRH 2661-616

Underground

- 1 — New C.I.R. PE-1 double drum, 100" x 60" hoist with C.G.E. motor, 700 H.P., 600 RPM, 2,200 volts, 3-phase 60-cycle motor with all controls
- 2 — Maloney nitrogen sealed transformers, 750 KVA, 4,160 volts to 2,400 volts
- 1 — Maloney nitrogen seal transformer, 500 KVA, 4,160 volts to 600 volts
- 3 — Dorr-Oliver-Long 100" P.D. bicycle type head sheaves with Westoflex liners
- 1 — 38K Woods Aerofoil fan, 25,000 CFM @ 3" SP, 14° blade
- 5 — Used C.I.R. model D6U tugger hoists
- 3 — Used C.I.R. model HNNIJ double drum slushers
- 1 — Used C.I.R. model EV tugger hoist
- 1 — New size 4 powertronic type 617 charger, 550 volts
- 1 — New size 3 powertronic type 617 charger, 550 volts
- 1 — Used powertronic type L7RTV charger, 550 volts
- 1 — New man transit car, 18 men
- 5 — C.I.R. JR38D rock drills

GENERAL

Operating costs at the mine are up \$0.49 per ton milled as compared with 1964. The increase in cost is principally due to the shaft sinking programme which cost \$1.08 per ton milled during 1965. Exploration and development cost declined \$0.44 per ton as no long level crosscuts were developed this year. Mining costs decreased by \$0.05 per ton and milling costs decreased \$0.04 per ton despite an increase in wages of 5 cents per hour effective April 16th, 1965.

The operating force at year end, including staff, but not part-time students or diamond drillers was 266.

In the Balmertown townsite during 1965, Dickenson purchased six fully serviced lots, a duplex and two single dwellings were erected by Campbell Mines and two private dwellings were erected. The Balmer Motor Hotel was opened to the public during the summer of 1965. The nine-hole golf course is now 90% complete and a clubhouse was constructed with pro shop, washroom and lounge facilities.

Work continues on Highway 105 from the Trans-Canada highway to Red Lake, and all but 32 miles is now paved, which work is expected to be completed before June 1967.

Weight of supplies delivered to the property:

From local sources (mainly timber, gravel, oils, and greases)	4,755 tons
From outside sources (chemicals, steel, cookery supplies and capital equipment)	1,938 tons
From outside sources, through direct trucking (explosives, mill balls, shaft timber)	491 tons
	<u>7,184 tons</u>

In conclusion I wish to take this opportunity to thank you for your guidance and support, and to express my appreciation to the Mine Manager and his Department Heads and employees generally for their co-operation.

Yours very truly,

F. A. FELL,
General Manager

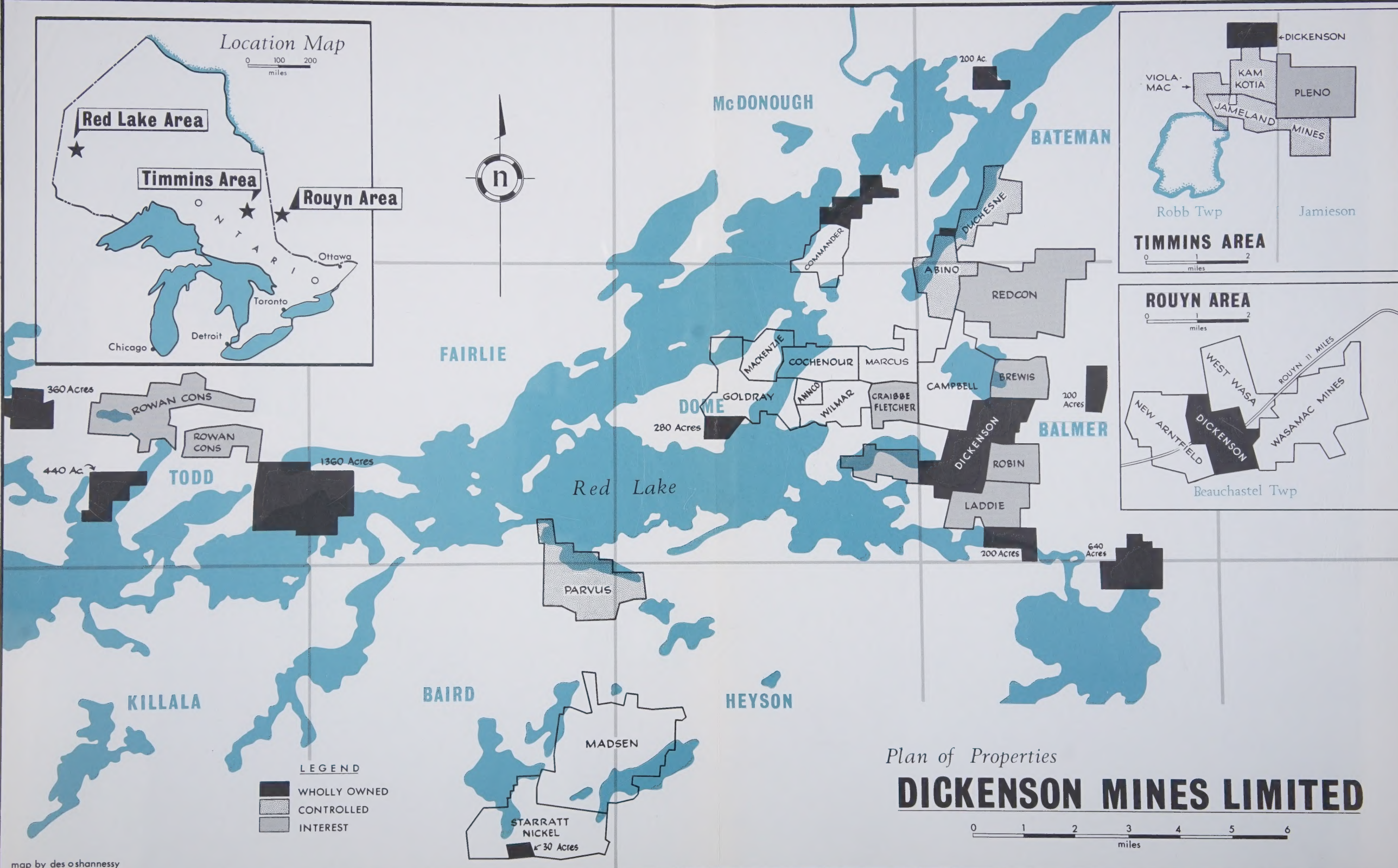
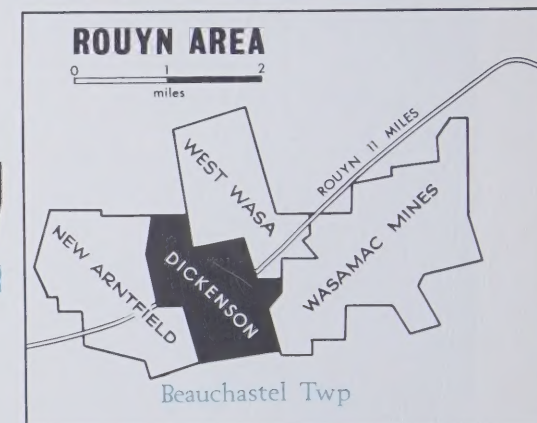
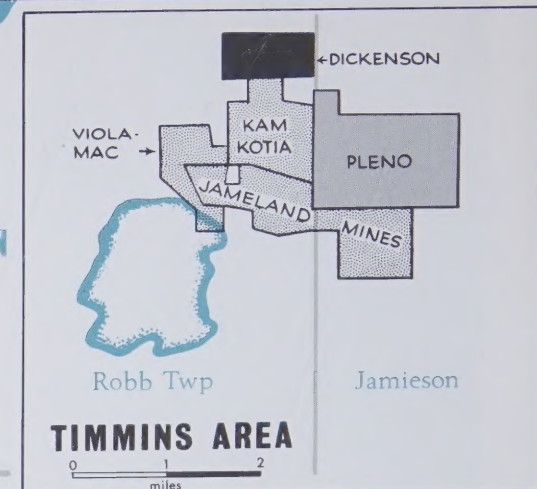
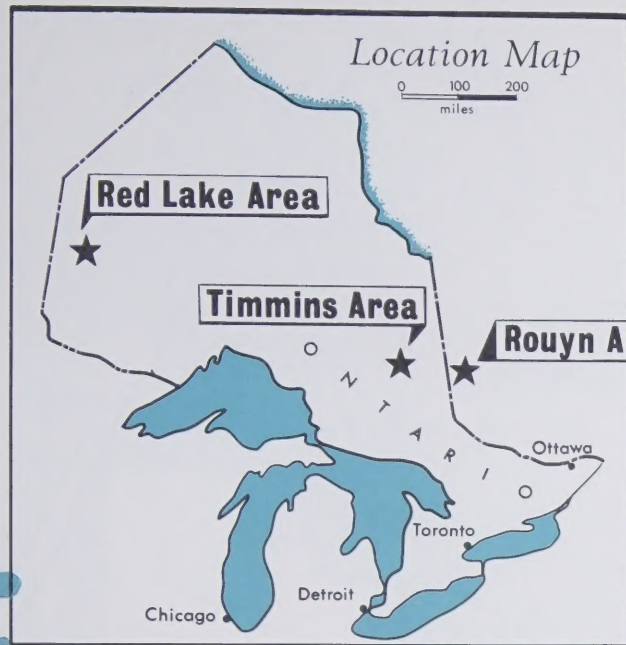
RECORD OF OPERATIONS



FINANCIAL HIGHLIGHTS

For the period January 1, 1949 to December 31, 1965

Total revenue from all sources	\$44,018,000
Total cost before depreciation and amortization	28,505,000
Additional funds received from the issue of shares and bonds	1,914,000
Re-invested in capital assets	6,011,000
Purchases of securities (net)	5,317,000
Expenditures re examination and acquisition of outside properties	1,185,000
Redemption of \$1,500,000 par value bonds	1,438,000
Distribution to shareholders	6,532,000



DICKENSON MINES LIMITED

INVESTMENT CHART

(PRINCIPAL HOLDINGS)

December 31, 1965

EXAMPLE

20.6% shares held ÷ shares issued

491,000 shares held

379,000 shares issued

Mid-North Engineering Services Limited manages all the undernoted companies except those marked (*).

